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Dairy and Products

Annual

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Report Highlights:

Fluid milk, butter, cheese, NFDM and WDM production is expected to grow in 2001 and 2002 as a result of higher output of raw milk, favorable world prices for dried milk and the zero tariff quota opened by the EU for Polish dairy products. Imports of dairy products are expected to decline in 2001 due to higher domestic production and limited demand caused by reduced purchasing power of consumers. Exports of dairy products are expected to grow in 2001 while total butter exports will likely reach their highest level since 1974.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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1. Situation and Outlook

Poland's fluid milk production is expected to increase two percent from a year ago to 12.0 million tons in 2001 as a result of good feed supplies and increasing milk yields. Higher output of milk is expected to lead to higher output of cheese, butter, whole dry milk (WDM) and non-fat dry milk (NFDM) in 2001.

Specialization of farms in dairy production and declining numbers of small farms producing milk for their own consumption is resulting in growing factory and reduced on-farm use of milk. Since the beginning of 2000 when new milk quality standards went into effect, there is a noticeable improvement in quality of milk procured by dairy plants. In the first half of 2001, sixty percent of milk procured by dairy plants was in the top quality class "extra" compared to fifty percent in the first half of 2000. Introduction of new milk quality standards eliminated from the market the lowest "third" class of milk. As a result many small farms with inadequate hygiene standards went out of business.

Production

The dairy industry is rapidly modernizing and restructuring. Both cooperatives and privately owned dairy plants are adjusting to new stricter hygiene requirements introduced and supervised by the Polish Veterinary Service, in order to meet EU dairy products quality standards.

Favorable prices for non-fat dried milk on the world market are expected to stimulate output and export of NFDM. In the first half of 2001, production of NFDM amounted to 71,900 tons and was 48 percent higher than in the first six months of 2000. Total 2001 output of NFDM is estimated at 150,000 tons.

Production of butter in 2001 is expected to grow by four percent due to increased output of NFDM and higher export demand. During the first six months of 2001, industrial production of butter (excluding home churning) increased by 25 percent in comparison to the same period of 2000. Most butter is produced during the summertime peak of raw milk supplies. Peak demand for butter is in November/December. Home churning is estimated at 30,000 tons per year.

Production of cheese is forecast to increase in 2001 due to higher milk output and expected stronger demand for cheese caused by lower supplies of pork and pork products; traditionally, Poles tend to substitute cheese for pork products. The increase in cheese production is also the result of higher demand for export to the EU and Czech Republic.

In 2002, milk output is forecast to grow two percent as a result of growing milk yields of dairy cows and expected higher milk procurement prices caused by a shortage of good quality raw milk for processing. Higher output of milk is expected to result in increased production of dairy products in 2002.

Consumption

Higher milk output is expected to result in greater consumption of milk, cheese and butter in 2001. Consumption of yogurt, ice cream and cottage cheese is expected to decrease in 2001 and 2002 as a result of lower demand caused by reduced consumer purchasing power. On-farm consumption of milk is expected to go down in 2001 as the introduction of new milk quality standards eliminates small farms producing partly for their own consumption. Dairy plants procure about 60 percent of total milk production. The average milk

procurement price in July 2001 was 0.75 zls per liter (\$US .18), compared to 0.76 zls (\$US 0.18) in July 2000.

The Agency for Agricultural Markets (AAM) of the Ministry of Agriculture is responsible for supporting milk procurement prices through intervention purchases of butter and export subsidies of NFDM. From January through September 2001, AAM procured 10,400 tons of butter to stabilize the domestic market. In the summer of 2001, AAM announced two tenders for export subsidies of NFDM. As a result of the tenders, export firms signed contracts with the AAM for export of 29,300 tons of NFDM and 7,700 WDM, of which 23,900 tons were exported by September 24.

Trade

Poland is a net exporter of dairy products. Favorable prices for NFDM in the world's market stimulated Polish exports in 2000 and are expected to continue in 2001. Polish dairy exports also benefitted from the agreement on liberalization of bilateral trade signed with the EU in September of 2000. According to the agreement the EU opened no tariff quotas for 10,000 tons of NFDM, 9,000 tons of cheese and 6,000 tons of butter. The annual quotas allocated for cheese and butter were filled in the first six months of 2001.

Import

Declining domestic butter prices resulted in lower imports in 2000. Butter has been imported within the import quota at a tariff of 40 percent. The out of quota tariff for butter is 102 percent, maximum 2.31 EUR per kilogram. In the first six months of 2001, imports of butter amounted to 1,299 tons (mostly from the Czech Republic) compared to 8,469 tons in the first half of 2000. In 2001, the quota for butter containing over 85% butterfat (CN 040510) amounts to 8,587 tons and for butter with reduced content of butterfat (CN040520) 5,128 tons. The Czech and Slovak Republics receive preferential tariff for butter of 30 percent while for Lithuania it is 40 percent.

During the first six month of 2001, imports of cheese amounted to 1,431 tons compared to 3,582 tons in the first half of 2000. Lower imports of cheese in 2001 stem from higher domestic production. It is forecast that in 2002 imports of cheese will remain at this year's level as a result of expected higher production and stable demand. The import duty for cheese is 35 percent. For the EU there is a no-tariff quota amounting to 9,450 tons and out-of-quota tariff of 25 percent. For the Czech and Slovak Republics the tariff is reduced to 5 or 8 percent. The tariff for Latvia and Lithuania is reduced to 30 percent.

In the first half of 2001, imports of NFDM were 5,026 tons out of which 2,173 tons were from the Ukraine. Imported NFDM is mostly re-exported. The tariff for NFDM is 70 percent. There is a preferential tariff of 37 percent for the Czech and Slovak Republics, Romania, Hungary, Slovenia and Bulgaria, while for Lithuania it is 20 percent.

Imports of yogurt which was the major dairy product imported to Poland in 1999 and 2000 dropped significantly in the first half of 2001. In the first half of 2001 imports of yogurt amounted to 800 tons compared to 21,700 tons in the first six months of 2000. Because of high imports, the Government of Poland increased the tariff for yogurt on April 1, 1999, from 9 to 35 percent which forced a major exporter from Germany to relocate production to Poland. In the first half of 2001, imports of casein amounted to 9,000 tons and were almost 50 percent higher than in the first six months of 2000. Major suppliers of casein were Ukraine (4,300 tons) and Russia (3,300 tons). Most of imported casein was re-exported.

Dairy products exported to the Polish market must be accompanied by the health certificate and comply with Polish Norms which are enforced by the Ministry of Agriculture and Rural Development. The list of obligatory norms regarding time and conditions of storage and quality standards are available in the Polish Norms Report available in the Attache Reports site of the FAS home page.

Export

NFDM is the biggest export item of the Polish dairy industry in terms of quantity and value. The expected increase of NFDM exports in 2001 stems from higher production and favorable world prices. Traditionally, Poland has been selling NFDM to EU countries for re-export to North Africa and Middle Eastern countries. Since 1994, Poland started selling NFDM directly to North African and Asian customers. It is forecast that in 2002, high exports of NFDM will continue as a result of higher output. Polish exports of WDM in the first half of 2001 amounted to 4,882 tons. The majority of WDM was exported to the EU and Algeria.

In the first half of 2001, Poland exported 8,414 tons of hard cheese compared to 3,258 tons in the first six months of 2000. The increase of exports is due mostly to shipments of cheese to the EU within the zero tariff quota. The United States accounted for 44 percent of Poland's cheese exports in 2000 in comparison to 16 percent in 1999. The Polish dairy industry continues to seek enlargement of the U.S. import quota for cheese due to its high profitability.

In the first six months of 2001, Poland exported 13,627 tons of butter compared to 784 tons in the same period of 2000. Higher output of milk, favorable world prices and no tariff import quota for the EU are expected to boost exports of butter to their highest level since 1974. In the first half of 2001, butter was exported to Russia, Ukraine and the EU. However, 1,712 tons of butter was also exported to the U.S. compared to zero and 16 tons for all of 1999 and 2000 respectively.

2. Statistical Tables

PS&D Table, Dairy, Milk, Fluid

PSD Table						
Country	Poland					
Commodity	Dairy, Milk, Fluid				(1000 HEAD)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Cows In Milk	3296	3296	3200	3047	0	3000
Cows Milk Production	11800	11800	12000	12000	0	12200
Other Milk Production	30	30	30	30	0	30
TOTAL Production	11830	11830	12030	12030	0	12230
Intra EC Imports	0	0	0	0	0	0
Other Imports	2	6	2	10	0	8
TOTAL Imports	2	6	2	10	0	8
TOTAL SUPPLY	11832	11836	12032	12040	0	12238
Intra EC Exports	0	0	0	0	0	0
Other Exports	1	1	1	1	0	1
TOTAL Exports	1	1	1	1	0	1
Fluid Use Dom. Consum.	5050	5050	5000	5000	0	4980
Factory Use Consum.	6161	6135	6331	6389	0	6607
Feed Use Dom. Consum.	620	650	700	650	0	650
TOTAL Dom. Consumption	11831	11835	12031	12039	0	12237
TOTAL DISTRIBUTION	11832	11836	12032	12040	0	12238
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Prices Table, Milk, Fluid

Prices Table			
Country	Poland		
Commodity	Dairy, Milk, Fluid		
Prices in	zlotys	per uom	1 liter, 2% fat
Year	2000	2001	% Change
Jan	1.15	1.29	12.17%
Feb	1.17	1.3	11.11%
Mar	1.2	1.3	8.33%
Apr	1.2	1.3	8.33%
May	1.2	1.3	8.33%
Jun	1.2	1.3	8.33%
Jul	1.2	n/a	
Aug	1.2	n/a	
Sep	1.25	n/a	
Oct	1.26	n/a	
Nov	1.27	n/a	
Dec	1.28	n/a	
Exchange Rate	4.14	Local currency/US \$	

Import Trade Matrix, Milk, Fluid

Import Trade Matrix			
Country	Poland		

Commodity	Dairy, Milk, Fluid		
Time period	Jan-Dec	Units:	Tons
Imports for:	1999		2000
U.S.		U.S.	
Others		Others	
Germany	1231	Germany	1417
Czech Republic	186	Czech Republic	733
France	146	France	130
Thailand	5	Lithuania	4189
Slovak Republic	4	Belgium	10
Total for Others	1572		6479
Others not Listed	1		1
Grand Total	1573		6480

Export Trade Matrix, Milk , Fluid

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Milk, Fluid		

Time period	Jan-Dec	Units:	Tons
Exports for:	1999		2000
U.S.	24	U.S.	
Others		Others	
Russia	46	Russia	25
Germany	12	The Netherlands	122
Bahama Islands	64	Bahama Islands	88
Cyprus	30	Cyprus	12
Malta	20	Malta	20
Bulgaria	18	Yugoslavia	60
Sweden	15	Republic of Korea	20
Italy	14	Virgin Islands	20
Macedonia	18	Macedonia	60
Total for Others	237		427
Others not Listed	259		252
Grand Total	520		679

PS&D Table, Dairy, Cheese

PSD Table						
Country	Poland					
Commodity	Dairy, Cheese				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New

Market Year Begin		01/2000		01/2001		01/2002
Beginning Stocks	6	6	4	8	5	2
Production	145	148	150	154	0	160
Intra EC Imports	0	0	0	0	0	0
Other Imports	5	6	2	3	0	3
TOTAL Imports	5	6	2	3	0	3
TOTAL SUPPLY	156	160	156	165	5	165
Intra EC Exports	0	0	0	0	0	0
Other Exports	7	8	10	17	0	17
TOTAL Exports	7	8	10	17	0	17
Human Dom. Consumption	145	144	141	146	0	146
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	145	144	141	146	0	146
TOTAL Use	152	152	151	163	0	163
Ending Stocks	4	8	5	2	0	2
TOTAL DISTRIBUTION	156	160	156	165	0	165
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	2	3	2	2	0	2

Prices Table, Dairy, Cheese

Prices Table			
Country	Poland		
Commodity	Dairy, Cheese		
Prices in	zlotys	per uom	1 kg of Gouda Cheese

Year	2000	2001	% Change
Jan	14.95	16.03	7.22%
Feb	15.75	15.97	1.40%
Mar	16.41	15.95	-2.80%
Apr	16.9	15.88	-6.04%
May	17.06	15.87	-6.98%
Jun	17.13	15.74	-8.11%
Jul	16.97	15.49	-8.72%
Aug	16.79	15.17	-9.65%
Sep	16.65	n/a	
Oct	16.4	n/a	
Nov	16.27	n/a	
Dec	16.1	n/a	
Exchange Rate	4.14	Local currency/US \$	

Import Trade Matrix, Dairy, Cheese

Import Trade Matrix			
Country	Poland		
Commodity	Dairy, Cheese		
Time period	Jan-Dec	Units:	tons
Imports for:	1999		2000
U.S.		U.S.	
Others		Others	

Czech Republic	973	Czech Republic	1398
France	397	France	1600
The Netherlands	283	The Netherlands	483
Germany	194	Germany	340
Denmark	149	Denmark	137
Canada	115	Australia	540
Switzerland	53	New Zealand	307
Sweden	29	Belgium	394
Italy	70	Italy	162
Slovak Republic	66	Slovak Republic	433
Total for Others	2329		5794
Others not Listed	35		118
Grand Total	2364		5912

Export Trade Matrix, Dairy, Cheese

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Cheese		
Time period	Jan-Dec	Units:	tons
Exports for:	1999		2000
U.S.	1968	U.S.	3368
Others		Others	
Russia	2164	Russia	328

Latvia	796	Turkey	192
Ukraine	2063	Ukraine	1099
Lithuania	1164	Lithuania	633
The Netherlands	848	The Netherlands	286
Azerbaijan	194	Czech Republic	117
Malta	334	Malta	225
Morocco	342	Italy	246
Germany	351	Germany	221
		Venezuela	411
Total for Others	8256		3758
Others not Listed	1779		612
Grand Total	12003		7738

PS&D Table, Dairy, Butter

PSD Table						
Country	Poland					
Commodity	Dairy, Butter				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Beginning Stocks	4	4	4	15	4	8
Production	162	169	165	178	0	180
Intra EC Imports	0	0	0	0	0	0

Other Imports	12	11	10	3	0	3
TOTAL Imports	12	11	10	3	0	3
TOTAL SUPPLY	178	184	179	196	4	191
Intra EC Exports	0	0	0	0	0	0
Other Exports	3	3	3	20	0	15
TOTAL Exports	3	3	3	20	0	15
Domestic Consumption	171	166	172	168	0	172
TOTAL Use	174	169	175	188	0	187
Ending Stocks	4	15	4	8	0	4
TOTAL DISTRIBUTION	178	184	179	196	0	191
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Prices Table, Dairy, Butter

Prices Table			
Country	Poland		
Commodity	Dairy, Butter		
Prices in	zlotys	per uom	200 grams
Year	2000	2001	% Change
Jan	3.14	2.67	-14.97%
Feb	3.15	2.56	-18.73%
Mar	3.1	2.38	-23.23%
Apr	3	2.29	-23.67%

May	2.9	2.26	-22.07%
Jun	2.8	2.25	-19.64%
Jul	2.8	n/a	
Aug	2.8	n/a	
Sep	2.74	n/a	
Oct	2.74	n/a	
Nov	2.72	n/a	
Dec	2.71	n/a	
Exchange Rate	4,14	Local currency/US \$	

Import Trade Matrix, Dairy Butter

Import Trade Matrix			
Country	Poland		
Commodity	Dairy, Butter		
Time period	Jan-Dec	Units:	tons
Imports for:	1999		2000
U.S.		U.S.	
Others		Others	
Czech Republic	2324	Czech Republic	8086
Norway	1981	Sweden	80
Australia	720	Australia	556
The Netherlands	531	The Netherlands	307

Argentina	400	New Zealand	504
France	428	France	195
Slovak Republic	280	Slovak Republic	498
Uruguay	200	Uruguay	600
Island	190	Lithuania	309
Hungary	176	Denmark	86
Total for Others	7230		11221
Others not Listed	416		75
Grand Total	7646		11296

Export Trade Matrix, Dairy Butter

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Butter		
Time period	Jan-Dec	Units:	tons
Exports for:	1999		2000
U.S.		U.S.	16
Others		Others	
Russia	108	Turkey	199
Lithuania	442	Lithuania	18
The Netherlands	847	The Netherlands	1117
Germany	599	Germany	1212
Ukraine	140	Czech Republic	40

France	151	France	120
Azerbaijan	82	Bahama Islands	15
Belgium	102	Belgium	20
Denmark	84	Denmark	110
Armenia	20		
Total for Others	2575		2851
Others not Listed	101		55
Grand Total	2676		2922

PS&D Table, Dairy, Milk, Nonfat Dry

PSD Table						
Country	Poland					
Commodity	Dairy, Milk, Nonfat Dry				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Beginning Stocks	20	20	28	39	35	41
Production	100	139	110	150	0	150
Intra EC Imports	0	0	0	0	0	0
Other Imports	8	16	5	10	0	10
TOTAL Imports	8	16	5	10	0	10
TOTAL SUPPLY	128	175	143	199	35	201
Intra EC Exports	0	0	0	0	0	0

Other Exports	70	86	80	95	0	100
TOTAL Exports	70	86	80	95	0	100
Human Dom. Consumption	0	0	0	0	0	0
Other Use, Losses	30	50	28	63	0	60
Total Dom. Consumption	30	50	28	63	0	60
TOTAL Use	100	136	108	158	0	160
Ending Stocks	28	39	35	41	0	41
TOTAL DISTRIBUTION	128	175	143	199	0	201
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix, Dairy, Milk, Nonfat, Dry

Import Trade Matrix			
Country	Poland		
Commodity	Dairy, Milk, Nonfat Dry		
Time period	Jan-Dec	Units:	tons
Imports for:	1999		2000
U.S.		U.S.	
Others		Others	
Russia	558	Russia	8329
Ukraine	1000	Ukraine	2597
Lithuania	1772	Lithuania	253
Germany	213	Germany	400
Thailand	1167	Byelorussia	3908

The Netherlands	48	The Netherlands	21
Great Britain	20	Great Britain	70
Czech Republic	24	Czech Republic	441
Australia	120	Greece	54
Total for Others	4922		16073
Others not Listed	8		78
Grand Total	4930		16151

Export Trade Matrix, Dairy, Milk, Nonfat, Dry

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Milk, Nonfat Dry		
Time period	Jan-Dec	Units:	tons
Exports for:	1999		2000
U.S.	1877	U.S.	229
Others		Others	
Algeria	17784	Algeria	21104
The Netherlands	11616	The Netherlands	6598
Germany	7159	Germany	5191
Vietnam	6657	Vietnam	6147
Egypt	3527	Egypt	3644
Bangladesh	3811	Bangladesh	2122

Japan	2872	Japan	3684
Pakistan	4412	Mexico	15147
Indonesia	4660	Brasil	3325
France	1666	Syria	2752
Total for Others	64164		69714
Others not Listed	17174		16263
Grand Total	83215		86206

PS&D Table, Dairy, Dry Milk

PSD Table						
Country	Poland					
Commodity	Dairy, Dry Whole Milk Powder				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Beginning Stocks	1	1	1	1	1	1
Production	31	30	32	32	0	33
Intra EC Imports	0	0	0	0	0	0
Other Imports	1	1	1	1	0	1
TOTAL Imports	1	1	1	1	0	1
TOTAL SUPPLY	33	32	34	34	1	35
Intra EC Exports	0	0	0	0	0	0
Other Exports	5	1	5	10	0	10

TOTAL Exports	5	1	5	10	0	10
Human Dom. Consumption	27	30	28	23	0	24
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	27	30	28	23	0	24
TOTAL Use	32	31	33	33	0	34
Ending Stocks	1	1	1	1	0	1
TOTAL DISTRIBUTION	33	32	34	34	0	35
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix, Dairy, Dry Milk

Import Trade Matrix			
Country	Poland		
Commodity	Dairy, Dry Whole Milk Powder		
Time period	Jan-Dec	Units:	tons
Imports for:	1999		2000
U.S.		U.S.	
Others		Others	
France	809	France	202
Germany	351	Germany	594
Lithuania	297	Lithuania	95
Czech Republic	243	Czech Republic	170
Argentina	75	Ukraine	146
Denmark	44	Byelorussia	11

Belgium	40	Belgium	60
Austria	24		
Total for Others	1883		1278
Others not Listed	113		0
Grand Total	1996		1278

Export Trade Matrix, Dairy, Dry Milk

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Dry Whole Milk Powder		
Time period	Jan-Dec	Units:	tons
Exports for:	1999		2000
U.S.		U.S.	
Others		Others	
Russia	372	Russia	60
Egypt	2614	Egypt	98
Pakistan	576	Bulgaria	29
The Netherlands	166	The Netherlands	304
Lithuania	330	Columbia	32
Hungary	224	Turkmenistan	30
Germany	327	Germany	226

Syria	320	Syria	80
France	47	Mexico	25
Saudi Arabia	45	Saudi Arabia	159
Total for Others	5021		1043
Others not Listed	116		70
Grand Total	5137		1113